



TowerJazz Announces Successful Completion of Its Rights Offering

90 Percent of the Rights Were Exercised For Gross Proceeds of \$22 Million

Israel Corporation, a Major Shareholder, has Invested \$7 Million to Exercise Rights and has Committed to Exercise all of its Series 8 Warrants for Additional Proceeds of \$10 Million by July 22, 2013

MIGDAL HAEMEK, Israel — June 30, 2013 — Tower Semiconductor Ltd. (NASDAQ: TSEM; TASE: TSEM), the global specialty foundry leader, announced the completion of its previously announced rights offering to eligible security holders. The company received gross proceeds of \$22 million out of maximum possible amount of approximately \$24 million offered, representing a 90% participation rate. Israel Corporation Ltd., a major shareholder of the Company, exercised its Rights in full and has further committed to exercise all of its Series 8 warrants on or before July 22, 2013, for an additional investment in TowerJazz of approximately \$10 million.

"We are very pleased to announce the successful completion of our rights offering and appreciate the strong participation of our stakeholders, evidenced by the exercise of 90% of the rights we offered", said Russell Ellwanger, chief executive officer of the Company. "We thank the investors and the financial community and view this 90% participation result as a strong vote of confidence in our business, management and strategy. We also thank Israel Corporation for its participation as well as for its further commitment to invest \$10 million next month by exercising all of its series 8 warrants".

A total of approximately 1.1 million rights were exercised in the rights offering. Each right is exercisable for four ordinary shares, six short-term Series 8 warrants exercisable at \$5.00 per share until July 22, 2013 and five Series 9 warrants exercisable at \$7.33 per share until June 27, 2017. Both the Series 8 warrants and the Series 9 warrants will be listed for trade on the Tel Aviv Stock Exchange and its CUSIP numbers are M87915 407 and M87915 415, respectively.

About TowerJazz

Tower Semiconductor Ltd. (NASDAQ: TSEM, TASE: TSEM), its fully owned U.S. subsidiary Jazz Semiconductor Ltd., and its fully owned Japanese subsidiary TowerJazz Japan, Ltd., operate collectively under the brand name TowerJazz, the global specialty foundry leader. TowerJazz manufactures integrated circuits, offering a broad range of customizable process technologies including: SiGe, BiCMOS, Mixed-Signal/CMOS, RFCMOS, CMOS Image Sensor, Power Management (BCD), and MEMS capabilities. TowerJazz also provides a world-class design enablement platform that enables a quick and accurate design cycle. In addition, TowerJazz provides (TOPS) Transfer Optimization and development Process Services to IDMs and fabless companies that need to expand capacity. TowerJazz offers multi-fab sourcing with two manufacturing facilities in Israel, one in the U.S., and one in Japan. For more information, please visit www.towerjazz.com.

Safe Harbor Regarding Forward-Looking Statements

This press release includes forward-looking statements, which are subject to risks and uncertainties. Actual results may vary from those projected or implied by such forward-looking statements. A complete discussion of risks and uncertainties that may affect the accuracy of forward-looking statements included in this press release or which may otherwise affect TowerJazz's business is included under the heading "Risk Factors" in Tower's most recent filings on Forms 20-F and F-3, as were filed with the SEC and the Israel Securities Authority, and Jazz's most recent filings on Forms 10-K and 10-Q, as were filed with the SEC. Tower and Jazz do not intend to update, and expressly disclaim any obligation to update, the information contained in this release.

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Contacts:

CCG Investor Relations / Kenny Green, (646) 201 9246 towersemi@ccgisrael.com

TowerJazz Investor Relations Contact: Noit Levi | noit.levi@towerjazz.com